

GHAA GOVERNMENT AFFAIRS COUNCIL

Thursday, September 11, 9:00 a.m. 1986
Mayflower Hotel - Chinese Room

TALKING POINTS

o Concern about Quality of Care

Concerns have been raised that quality of care is being sacrificed in price competition or for profits. The prepaid managed health care industry should support quality safeguards. Efforts to make the National Committee on Quality Assurance (NCQA) an independent, credible organization are a step in the right direction. With input into review of HMOs and CMPs by prepaid physicians, an appropriate quality assurance system can be implemented, not one based on the traditional fee-for-service sector.

o Danger of Repeal of the HMO Act by Regulation

The Administration is attempting to dismantle the HMO Act through regulation. Two current efforts involve the employer contribution regulation and the application of user fees.

1. Employer Contribution

The Administration will shortly propose elimination of the equal employer contribution regulation of Section 1310. This proposal will raise serious problems for the competitive position of HMOs. It will virtually gut Section 1310, allowing employers to contribute whatever amount they desire toward an HMO premium. The result will be a higher employee contribution which will create a disincentive to HMO enrollment.

2. User Fees

HCFA has published a proposed rule to establish user fees for HMOs and CMPs. Fees from \$11,500 - \$34,600 would be charged for HMOs seeking new federal qualification, qualification of a regional component, certification of CMPs and expansion applications for HMOs and CMPs.

The policy rationale is that federal qualification benefits the HMO, rather than the general public. To the contrary, Congressional intent in enacting the HMO Act and subsequent amendments, was to make a new type of cost effective, quality health care system accessible to the public. The TEFRA amendments to Section 1876 of the Social Security Act which allows Medicare risk contracts with HMOs and CMPs was also designed not exclusively for the benefit of HMOs but to help control Medicare costs while providing high quality health care to Medicare beneficiaries.

Proposing user fees is another method by which the Administration seeks to discourage HMOs from becoming federally qualified.

o Sharing the Burden of Health Care for the Poor

Access to health care for the poor, uninsured and underinsured is one of the greatest problems facing society today. It is incumbent upon all health providers, including HMOs, to help to alleviate the problem. HMO participation in state Medicaid programs is part of the solution. More and more HMOs are signing Medicaid contracts and this trend needs to continue.